



**SPECIAL MEETING**  
**TOWN HALL COUNCIL CHAMBERS**  
**MONDAY, AUGUST 28, 2023 AT 5:15 PM**

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**<https://us02web.zoom.us/j/89084114251>**

## **AGENDA**

**CALL TO ORDER**

**PUBLIC COMMENT**

### **NEW BUSINESS**

1. Power Purchase Agreement enabling Central Electric Power Cooperative to purchase a nuclear capacity for NCMPA1 (*Kathy Moyer*)

**ADJOURN**

If you require any type of reasonable accommodation as a result of physical, sensory, or mental disability in order to participate in this meeting, please contact Lisa Snyder, Clerk of Council, at 704-889-2291 or [lsnyder@pinevillenc.gov](mailto:lsnyder@pinevillenc.gov). Three days' notice is required.



# North Carolina Municipal Power Agency Number 1

## Potential Long-term Sale of Power from Catawba



Council Updates  
August 2023



# Agenda

Item 1.

- Summary of NCMPA1 Catawba Ownership
- The Proposed Transaction
- Economic and Risk Analysis
- Key approvals and Next Steps

# ***Purpose of Today's Discussion***

Item 1.

- North Carolina Municipal Power Agency Number 1 (NCMPA1), the wholesale power supplier to 19 municipalities in western NC, has an ownership interest in the Catawba Nuclear Station
- There have been ongoing efforts to identify opportunities to “right-size” and diversify the power supply portfolio through the sale of excess nuclear capacity and energy
- The Boards authorized execution of a Power Purchase Agreement (PPA) with Central Electric Power Cooperative, Inc. (Central) that replicates a 150 MW (18%) sale of NCMPA1’s nuclear ownership interest in Catawba
- The Central PPA was executed on June 5, 2023 subject to several conditions which include that all 19 NCMPA1 Participants will be required to agree to the PPA
- Requesting that the Council take the appropriate steps necessary to approve the required Ordinance and other documents required thereby, pursuant to the letter from Mike Colo of Poyner Spruill dated July 31 as supplemented on August 10.

# ***Background – Efforts to Diversify Resources***

Item 1.

- NCMPA1 conducted RFP process in 2011-12 with negligible results
- NCMPA1 pursued the potential sale of 50% of NCMPA1's ownership interest in the Catawba nuclear station to Duke Energy Carolinas (DEC) in the 2016-2018 timeframe to diversify its portfolio and reduce rates in the near term
  - DEC pulled the plug on the deal in early 2019 due to political issues surrounding nuclear power in South Carolina, decreasing natural gas prices, and DEC's excess capacity situation
- During 2022, NCMPA1 engaged in similar discussions with both DEC and Central Electric Power Cooperative, Inc. (Central) who provides wholesale electric service to all of South Carolina's 20 electric cooperatives



# Catawba Nuclear Station

Item 1.

- Consists of two identical units jointly owned by NCMPA1, Duke Energy Carolinas (DEC), Piedmont Municipal Power Agency (PMPA) and North Carolina Electric Membership Corporation (NCEMC)
- NCMPA1 owns 75% of Catawba Unit 2; PMPA owns 25%
- Through contractual arrangements, the owners share both units at the plant
- Nuclear Regulatory Commission licenses for both Catawba Units expire on December 5, 2043
- NCMPA1 owns the largest share of the Catawba Plant total capacity
  - NCMPA1 37.500%
  - NCEMC 30.754%
  - DEC 19.246%
  - PMPA 12.500%



# About Central



- Not-for-profit generation and transmission cooperative headquartered in Columbia, SC
- S&P Credit Rating of A+/Stable (NCMPA1 is A/Stable)
- 4,200 MW peak load and 19 GWh annual energy requirements (~4x the size of NCMPA1)
- Provides power to approximately 1/3<sup>rd</sup> of SC's population within the DEC and Santee Cooper Balancing Authorities
- Obtains most power through purchase agreements through Santee, DEC and SEPA

# Central PPA Proposal Overview

Item 1.

- Central would purchase 150 MW (18%) of NCMIPA1's Catawba output, structured as a PPA to mimic an outright ownership purchase, effective January 1, 2024
- Levelized capital payment of \$56M/yr, 2024-2031
- Central pays for its proportionate share of all expenses associated with NCMIPA1's Catawba ownership interest
- Central buys-in to NCMIPA1's decommissioning fund and contributes at the same rate as NCMIPA1 going forward



# ***Benefits of Proposed Sale***

Item 1.

- Transfers 18% of cost and nuclear concentration risk (however significant nuclear concentration risk remains)
- “Right-sizes” the power supply portfolio (eliminates excess capacity 2024-2030)
- “Locks-in” margins on surplus energy sales higher than current forecast
- Proceeds will be utilized to defease a portion of the outstanding debt
- Provides wholesale rate benefits over the term of the sale, potentially dropping wholesale rates below DEC even in the near-term

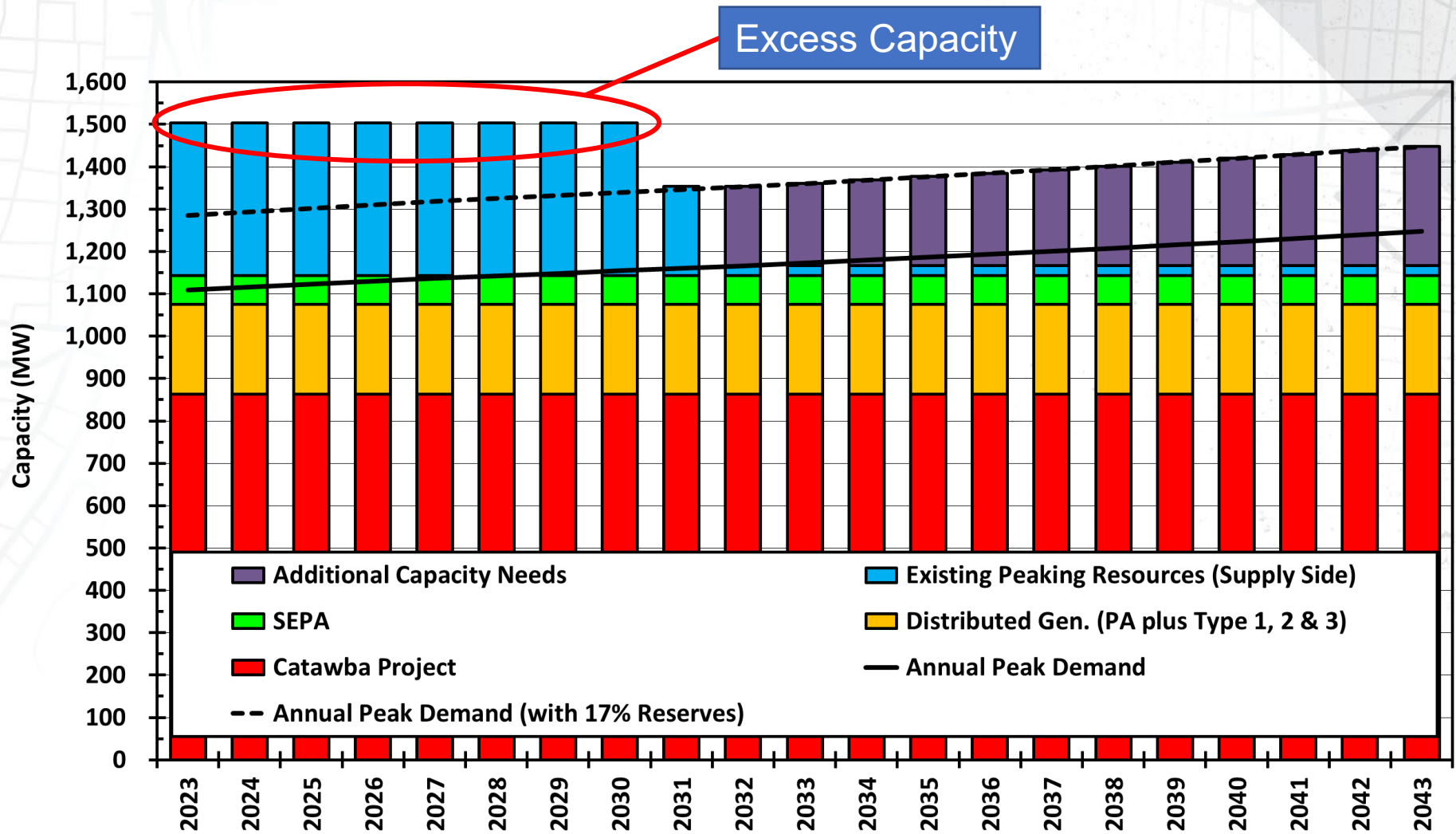
# ***Considerations of Proposed Sale***

Item 1.

- Giving up potential upside in surplus power market if prices increase
- Catawba could continue to rise in value due to carbon constraints
- Uncertain cost of replacement power supply in the future (2031 and beyond)
- Timing and amount of baseload growth
- Likely increase in NCMPA1 carbon footprint
- Taking on credit risk of Central

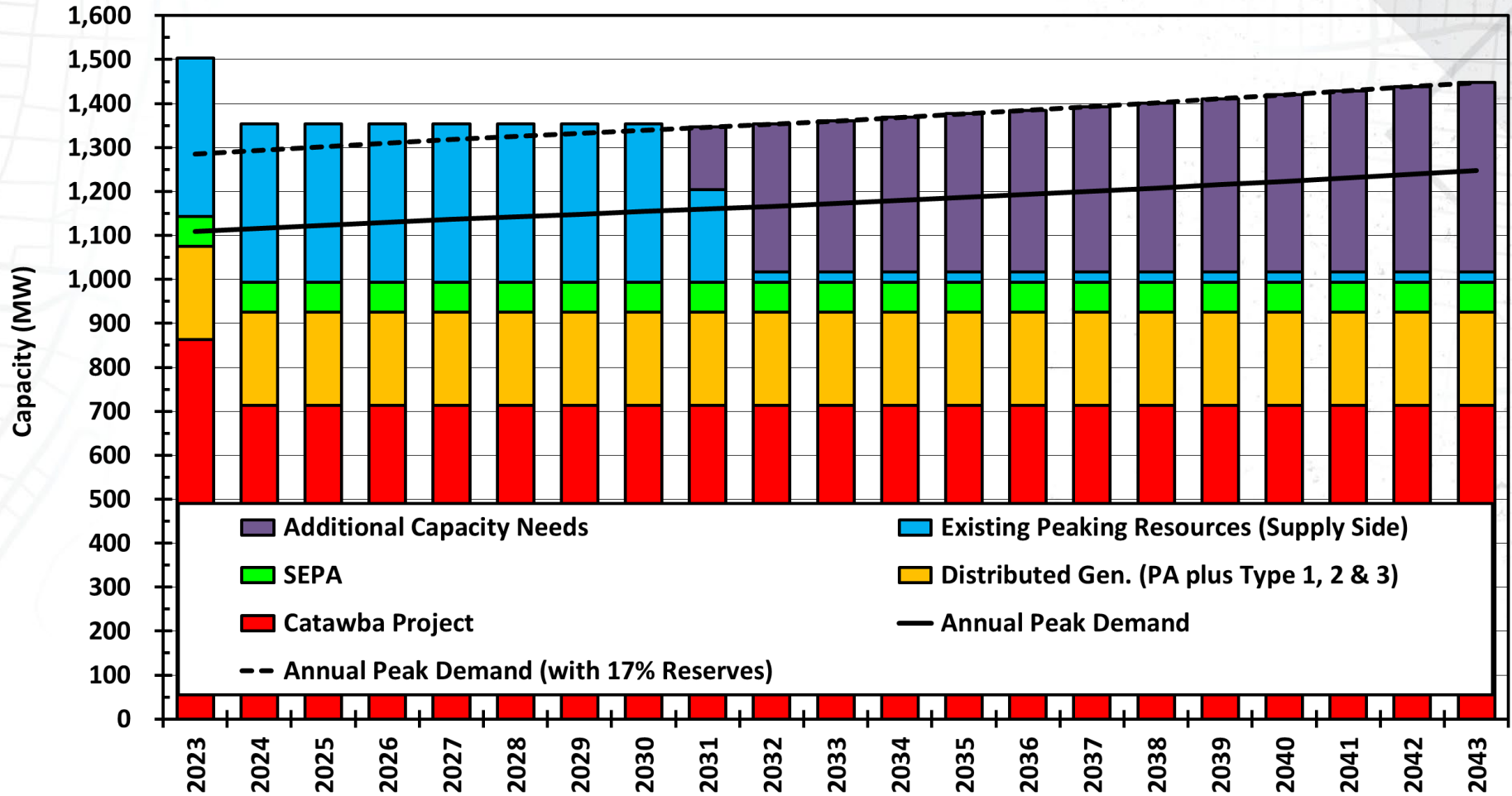
# Projected Capacity Resources vs. Requirements Before Sale

Item 1.



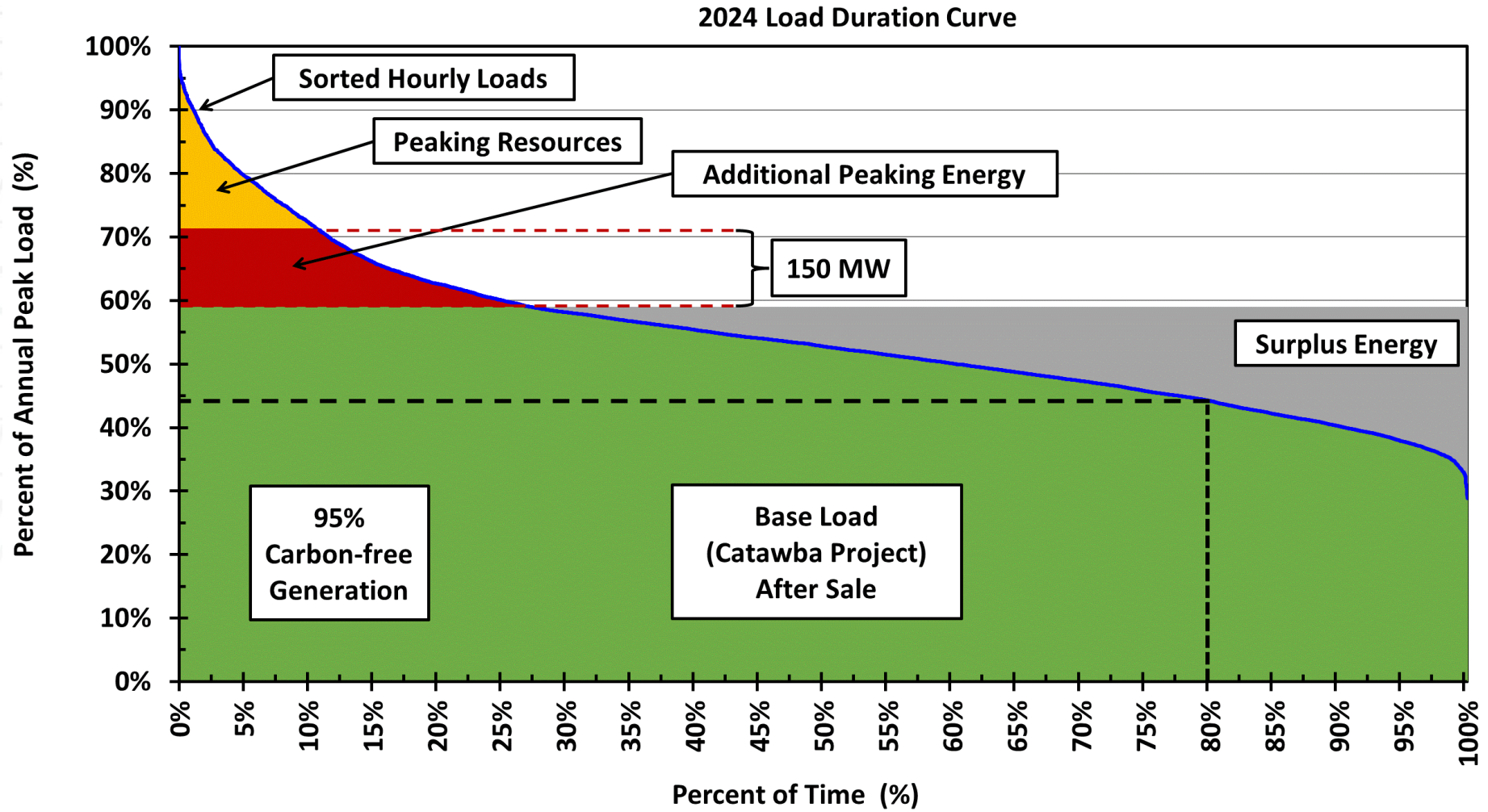
# Projected Capacity Resources vs. Requirements After 150 MW Sale

Item 1.



# NCMPA1 2024 Load Duration Curve After 150 MW Sale

Item 1.





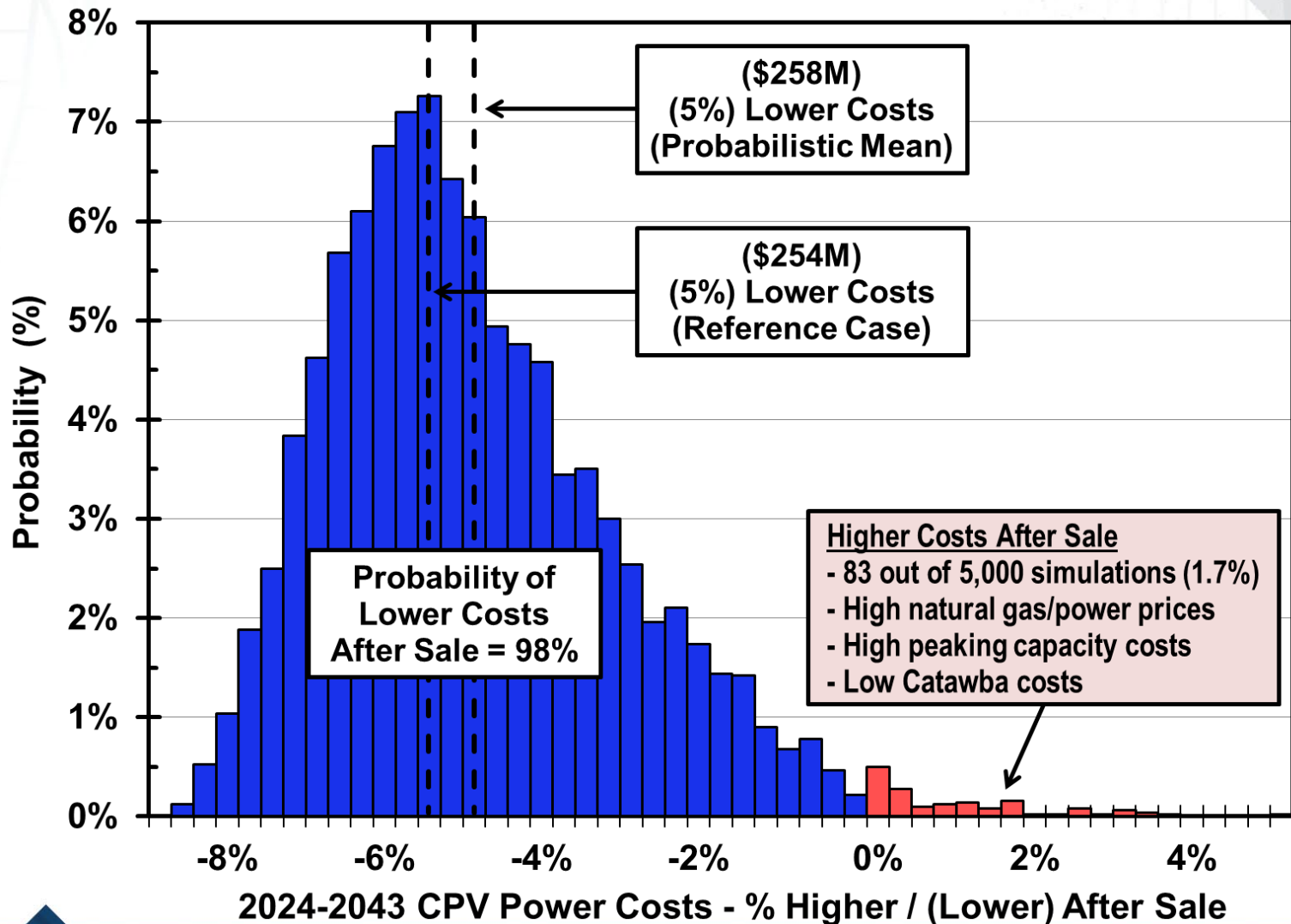
# Analysis of Sale - Reference Case and Probabilistic Mean

Item 1.

CPV Power Costs – Higher / (Lower) Due to the Sale					
	Initial Rate Reduction	CURRENT Catawba Operating License			w/ EXTENDED Catawba Operating License
		2024 – 2031	2032 – 2043	2024 – 2043	2024 – 2063
<b>Reference Case</b>					
\$ Millions (2023\$)		(377)	123	(254)	(174)
Percent	(15%)	(15%)	6%	(5%)	(3%)
<b>Probabilistic Mean</b>					
\$ Millions (2023\$)		(378)	120	(258)	(171)
Percent	(15%)	(15%)	5%	(5%)	(2%)

# Probabilistic Analysis of Sale – CPV Costs % Higher/(Lower) After Sale 2024-2043 (Life of Asset)

Item 1.



# Allocation of CPV Higher / (Lower) Power Costs Associated with the Sale – Reference Case\*

Item 1.

Participant	CPV (\$Millions)		
	2024-2031	2032-2043	2024-2043
Albemarle	(21.9)	7.0	(14.6)
Bostic	(0.1)	0.0	(0.1)
Cherryville	(3.4)	1.1	(2.3)
Cornelius	(4.4)	1.4	(2.9)
Drexel	(1.2)	0.4	(0.8)
Gastonia	(48.8)	15.8	(32.7)
Granite Falls	(4.3)	1.4	(2.9)
High Point	(88.0)	28.4	(58.7)
Huntersville	(20.5)	6.9	(14.0)
Landis	(3.5)	1.1	(2.3)
Lexington	(30.6)	9.8	(20.3)
Lincolnton	(4.5)	1.4	(3.0)
Maiden	(5.3)	1.7	(3.5)
Monroe	(54.1)	18.7	(37.6)
Morganton	(20.4)	6.6	(13.6)
Newton	(11.2)	3.6	(7.4)
Pineville	(10.2)	3.6	(7.1)
Shelby	(12.3)	4.0	(8.2)
Statesville	(32.2)	10.4	(21.6)
Total NCMPA1	(377)	123	(254)
% of Power Costs	(15%)	6%	(5%)

\* Reference Case amounts shown; probabilistic mean results not materially different.

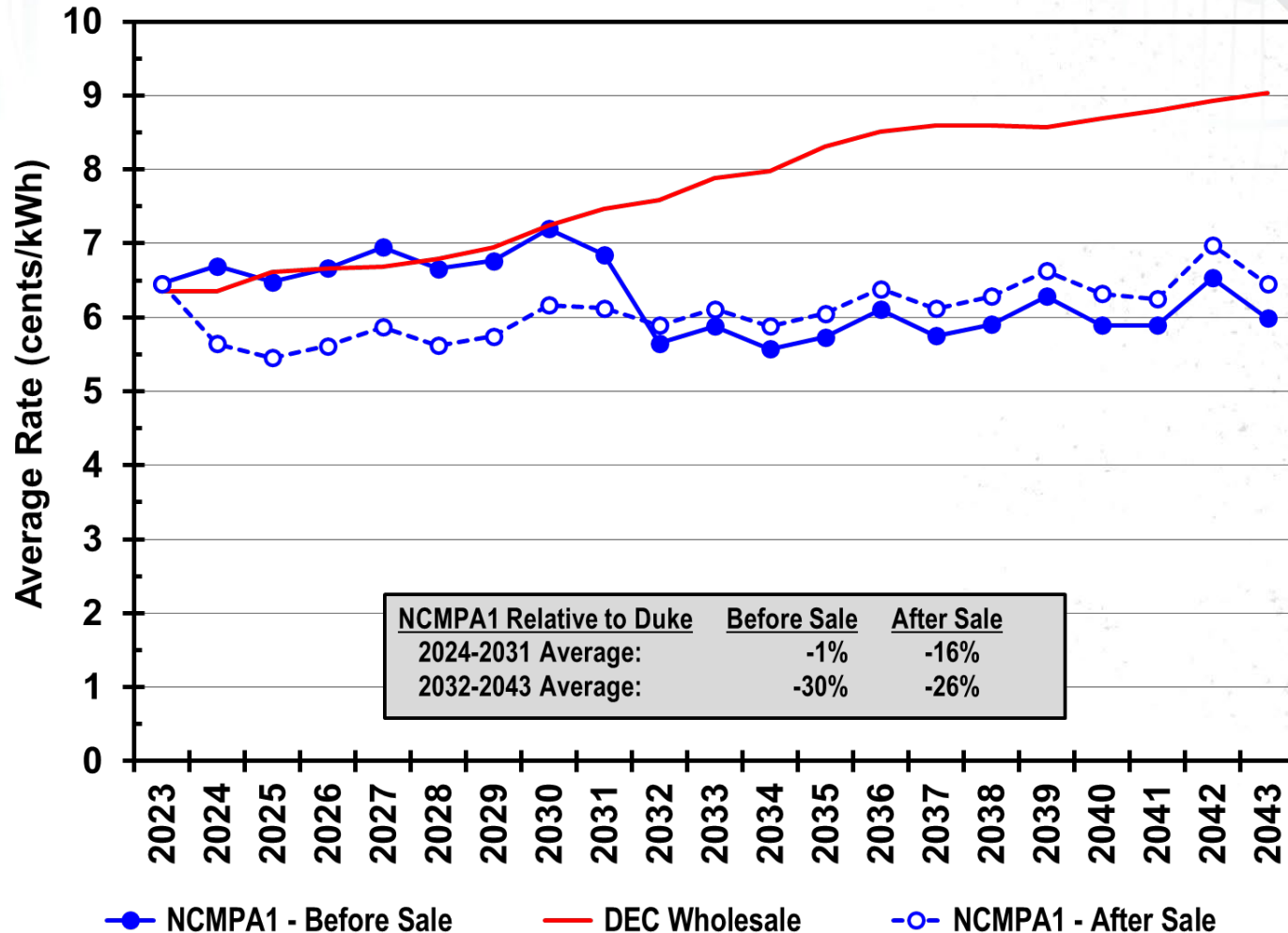
# Summary of Projected Range of Initial Reductions in Participant AR Charges – 2024/25 Timeframe

Item 1.

	Reflected in 1 <sup>st</sup> Demand Block	
Participant	(\$000)	(%)
Albemarle	(3,194)	(15.9%)
Bostic	(20)	(15.1%)
Cherryville	(498)	(14.9%)
Cornelius	(651)	(15.4%)
Drexel	(187)	(17.7%)
Gastonia	(7,010)	(14.6%)
Granite Falls	(620)	(15.5%)
High Point	(12,704)	(15.5%)
Huntersville	(2,676)	(13.5%)
Landis	(517)	(15.6%)
Lexington	(4,530)	(16.4%)
Lincolnton	(658)	(15.2%)
Maiden	(784)	(16.3%)
Monroe	(6,749)	(13.7%)
Morganton	(2,969)	(15.1%)
Newton	(1,609)	(16.0%)
Pineville	(1,223)	(12.3%)
Shelby	(1,812)	(15.0%)
Statesville	(4,645)	(15.2%)
Total NCMPA1	(53,055)	(15.0%)

# Competitive Position – Before & After Central Sale

Item 1.



DEC wholesale has not been adjusted for NCUC's final Carbon Plan nor for the cost impacts of the announced merger of the DEC and DEP operating utility systems.



# Indicative Timeline

Item 1.

2022	2023			
Q4	Q1	Q2	Q3	Q4

Keep Boards and Rate Committee  
Apprised of Developments

Boards Approved Letter of Intent

Develop PPA/Due Diligence

**Initial Member City Visits as Needed**

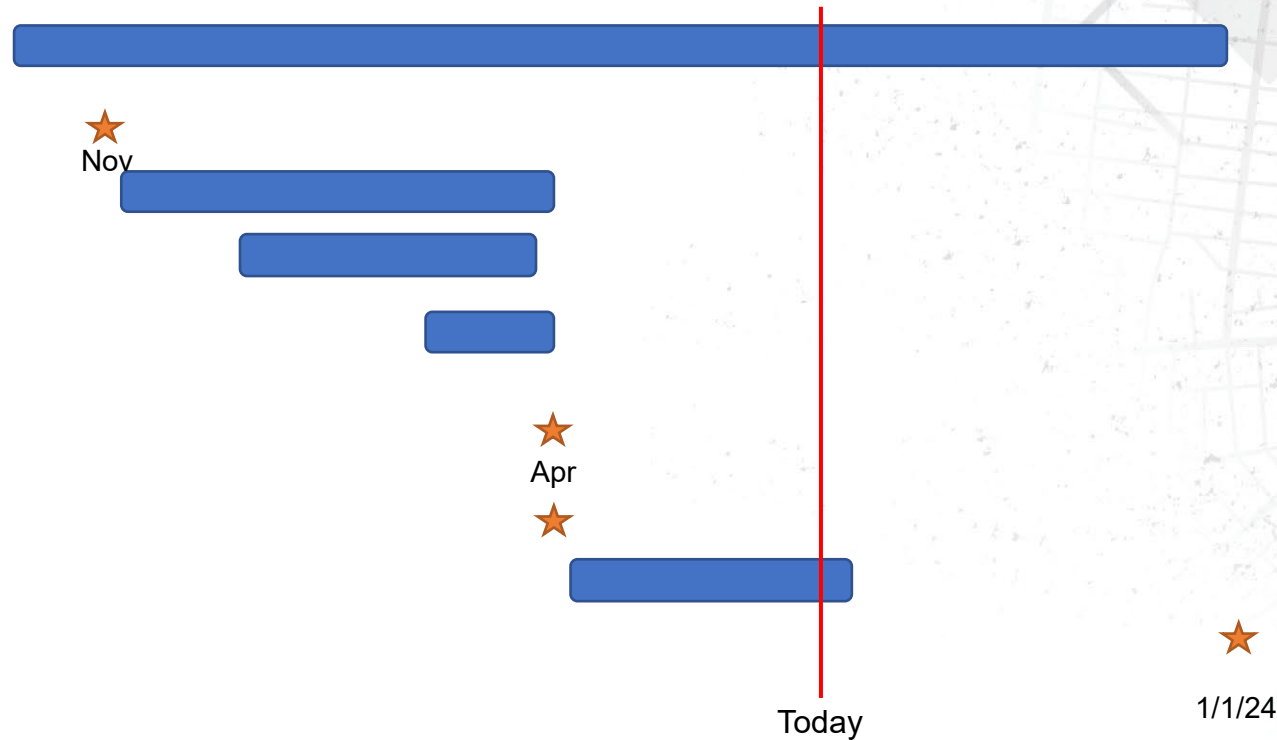
Rate Committee Reviews PPA, Final  
Economics and Rate Plan

Boards Consider PPA, Final Economics  
and Rate Plan

Execute PPA

**Member City Consideration**

Effective Date



# ***Key Approvals & Action Requested***

Item 1.

- Board of Directors of ElectriCities approved the Central PPA on May 5, 2023
- The Central PPA was executed on June 5, 2023 subject to several conditions
  - All 19 NCMPA1 Participants are required to agree to the PPA because it would reduce the cities' rights to Catawba output under the Project Power Sales Agreement
- **Requesting that the Council take the appropriate steps necessary to adopt the required Ordinance and other documents required thereby, pursuant to the letter from Mike Colo of Poyner Spruill dated July 31 as supplemented on August 10.**

# Questions?

# **NORTH CAROLINA MUNICIPAL POWER AGENCY NUMBER 1**

## **LETTER OF INTENT REGARDING THE SIZING OF PARTICIPANT'S SHARES OF CATAWBA (POST 2032)**

**THIS LETTER OF INTENT REGARDING THE SIZING OF PARTICIPANT'S SHARES OF CATAWBA (POST 2032)** is dated as of the 31st day of July, 2023, and sets forth North Carolina Municipal Power Agency Number 1's ("Power Agency") present intention regarding the basis for establishing Participant's Shares in connection with offering new project power sales agreements ("ppsa") to Power Agency's members to be effective January 1, 2033, upon expiration of Power Agency's existing Project Power Sales Agreements.

### **Background**

Since 1983, Power Agency has sold All Requirements Bulk Power Supply to its nineteen (19) Participants pursuant to two separate power sales agreements, the Project Power Sales Agreement ("PPSA") related to the Catawba Project and the Supplemental Power Sales Agreement ("SPSA"). The PPSA sets forth the "take-or-pay" obligation of each Participant for the purchase of entitlements to output from Power Agency's ownership in the Catawba Project. Each PPSA terminates effective January 1, 2033 (50 years from January 1, 1983, which was the estimated date of commercial operation of Catawba Unit 2). The SPSA provides for the purchase and sale of All Requirements Bulk Power Supply on a "take-and-pay" basis by (i) integrating the Catawba Project with Power Agency's portfolio of supplemental and backstand resources and (ii) making provisions for transmission, load following, and other ancillary services necessary to deliver power to the Participants' delivery points. Such all requirements service is sold pursuant to appropriate "load-based" rates and charges established by Power Agency. The SPSAs are set to terminate on May 1, 2028 (50 years from its May 1, 1978, effective date).

Given that Power Agency's Catawba Project is licensed to operate well beyond 2032<sup>1</sup> and that Power Agency has committed supplemental power resources that extend past May 1, 2028, it has been and continues to be Power Agency's intention to offer to the Participants new power sales agreements (both Catawba Project and Supplemental) beyond their current termination dates. Participants will have the option to enter into new supplemental agreement that would start on May 1, 2028, as well as new Catawba Project agreements (i.e., ppsa) that would commence on January 1, 2033.

Power Agency's Participants' Participant's Shares under their respective existing PPSAs were established in the late 1970s based on the load of each Participant at that time. In a number of cases, those Participant's Shares are not representative of the Participants' relative current load levels (i.e., Load Ratio Shares) that have resulted from a wide range of load growth patterns among the Participants over the last 50 years.

Table 1 below illustrates the disparities between the Participants' Participant's Shares specified in the existing PPSAs and the current "Load Ratio Share" measure. The representative

<sup>1</sup> Catawba's operating license currently extends through December 5, 2043.

load ratio share that Power Agency uses for purposes of the Allocated Demand component of its All Requirements Wholesale Rate Schedule is based on an equal weighting of monthly non-coincident peak demands and billing energies over a historical 5-year period ("Allocated Demand" percentages).

**Table 1**

	Participant Shares under Existing PPSAs	Current Load Ratio Shares (the basis for Allocated Demands effective 7-1-23)
Participant	(%)	(%)
Albemarle	7.6%	6.1%
Bostic	0.1%	0.0%
Cherryville	1.6%	1.0%
Cornelius	0.4%	1.2%
Drexel	0.5%	0.4%
Gastonia	17.1%	13.4%
Granite Falls	0.9%	1.2%
High Point	19.0%	23.9%
Huntersville	0.6%	4.9%
Landis	1.1%	1.0%
Lexington	12.9%	8.6%
Lincolnton	1.6%	1.3%
Maiden	1.3%	1.5%
Monroe	10.0%	12.4%
Morganton	6.7%	5.7%
Newton	2.1%	3.0%
Pineville	0.5%	2.3%
Shelby	6.0%	3.5%
Statesville	9.9%	8.8%
<b>Agency Total</b>	<b>100.0%</b>	<b>100.0%</b>

The proposed 150 MW sale of Catawba Project output (18%) to Central Electric Power Cooperative, Inc. ("Central") will effectively limit the aggregate Participants' entitlement to Power Agency's Catawba Project output to 82% over the remaining operating life of the Catawba Project. In connection with that sale, the Participants have requested that Power Agency set forth a non-binding commitment relative to the basis for new member entitlements (or shares) of the Catawba Project Output that would be incorporated into the proposed new ppsa, effective on January 1, 2033.



### Power Agency Commitment

In order to provide Participants some certainty relative to considering their future power supply options, specifically as it relates to consenting to Power Agency's proposed sale of 18% of its Catawba Project output to Central, Power Agency commits to propose certain principles in connection with the offering of the new ppsa that would replace the existing PPSAs on January 1, 2033.

Power Agency's commitment, regarding the new ppsa, is to propose calculating new Participant's Shares that reflect the actual Load Ratio Shares of the Participants, based on the same methodology used to compute Allocated Demands under Power Agency's All Requirements Wholesale Rate Schedule. The methodology to compute Load Ratio Share, as reflected in Power Agency's Wholesale Rate Schedule, is as follows.

"Load Ratio Share" means, with respect to the Participant, a 50/50 weighting of the following two percentages:

- (1) the percentage that is equal to the sum of the Participant's Monthly Non-Coincident Peak Demand during the previous five (5) years divided by the sum of all Participants' Monthly Non-Coincident Peak Demands during the same five (5) years; and
- (2) the percentage that is equal to the sum of the Participant's Monthly Energy during the previous five (5) years divided by the sum of all Participants' Monthly Energy during the same five (5) years.

For purposes of these percentages, demand and energy values shall be reduced by SEPA allocations.

Power Agency's commitment to propose computing Participant's Shares under the new ppsa also would include the practice of updating each Participant's Load Ratio Share annually (based on the most recent 5 years of historical actual loads), which is consistent with the current Allocated Demand methodology utilized under Power Agency's All Requirements Wholesale Rate Schedule, with one exception. That exception is related to Power Agency's practice of implementing annual changes in Allocated Demand, effective July 1 of each year, utilizing load data from the previous five calendar years. For purposes of assigning Participant's Shares for each calendar year starting in the year 2033, the Load Ratio Share calculation would be based on the 5-year (60 month) period ending July 1 of the prior year.

Table 2 below shows the current Load Ratio Shares (used in the current Allocated Demand calculation that will become effective July 1, 2023) as well as the projected Load Ratio Shares that would form the basis of the proposed Participant Shares in 2033 based on Power Agency's current load forecast.<sup>2</sup> The Load Ratio Share percentage increases and decreases shown over the 10-year period reflect the relative projected loads of the 19 Participants. Table 2 also shows the allocation

<sup>2</sup> These projected Load Ratio Shares are shown for illustration only and are based on Power Agency's demands and energy forecasts of each of the Participants. Assuming all 19 Participants execute the new ppsa that would become effective January 1, 2033, actual Load Ratio Shares applicable to the year 2033 under the approach Power Agency commits to propose would be based on actual demands and energy consumption over the prior 5-year period (July 1, 2027 through June 30, 2032).

of Catawba Project capacity (i.e., the Participant Share of output entitlement) after the proposed sale to Central, based upon such projected Load Ratio Shares.

Table 2

Participant	Current Load Ratio Shares (the basis for Allocated Demands effective 7-1-23)	Projected Load Ratio Shares Effective 1-1-2033*	Allocated Catawba Capacity After Sale to Central
	(%)	(%)	(MW)
Albemarle	6.1%	5.8%	39.3
Bostic	0.0%	0.0%	0.2
Cherryville	1.0%	0.9%	5.8
Cornelius	1.2%	1.1%	7.5
Drexel	0.4%	0.3%	2.1
Gastonia	13.4%	13.3%	90.5
Granite Falls	1.2%	1.1%	7.4
High Point	23.9%	22.4%	152.4
Huntersville	4.9%	5.9%	39.9
Landis	1.0%	0.9%	6.0
Lexington	8.6%	7.6%	52.1
Lincolnton	1.3%	1.1%	7.6
Maiden	1.5%	1.3%	9.0
Monroe	12.4%	15.9%	108.4
Morganton	5.7%	5.3%	36.0
Newton	3.0%	2.8%	19.2
Pineville	2.3%	3.0%	20.2
Shelby	3.5%	3.1%	21.3
Statesville	8.8%	8.3%	56.7
Agency Total	100.0%	100.0%	681.5

\* Based on forecasted loads during prior 5-year period.

By committing to a “rolling” Load Ratio Share based Participant’s Share of the Catawba Project starting in 2033 and continuing over the remaining life of the Catawba Project, Participants can be assured that their entitlement to the Catawba Project baseload output and associated cost responsibilities will continue to be aligned with their baseload needs.

#### Power Agency Approval

The foregoing commitment by Power Agency was approved and its execution and delivery authorized by Power Agency’s Board of Commissioners and Board of Directors, by resolutions adopted on July 25<sup>th</sup>, 2023, and July 28<sup>th</sup>, 2023, respectively.

Executed this \_\_\_\_ day of \_\_\_\_\_, 2023.

NORTH CAROLINA MUNICIPAL  
POWER AGENCY NUMBER 1

By: \_\_\_\_\_  
Chief Executive Officer

Attest:

\_\_\_\_\_  
Assistant Secretary

(SEAL)



August 18, 2023

North Carolina Municipal Power Agency Number 1  
1427 Meadow Wood Blvd  
Raleigh, NC 27604

**Re: Town of Pineville**

Greetings:

In connection with the Amendment Agreement No. 3 and the Agreement Regarding the Purchase and Sale of Excess Participant's Shares, each by and between the **Town of Pineville** ("the Municipality") and North Carolina Municipal Power Agency Number 1 ("Power Agency"), dated as of July 28, 2023, (collectively, the "Member Agreements"), I have examined (i) the Constitution and laws of the State of North Carolina and the Charter of the Municipality, (ii) the Member Agreements, (iii) and Ordinance entitled "AN ORDINANCE OF THE **TOWN COUNCIL FO THE TOWN OF PINEVILLE**, NORTH CAROLINA, DETERMINING THAT IT IS IN THE BEST INTERESTS OF THE TOWN OF PINEVILLE TO APPROVE THE POWER PURCHASE AGREEMENT BY AND BETWEEN NORTH CAROLINA MUNICIPAL POWER AGENCY NO. 1 AND CENTRAL ELECTRIC POWER COOPERATIVE, INC., TO CONSENT TO THE TRANSACTIONS CONTEMPLATED THEREBY, AND TO APPROVE AND AUTHORIZE THE EXECUTION AND DELIVERY OF, AMONG OTHER DOCUMENTS, AN AMENDMENT TO THE PROJECT POWER SALES AGREEMENT WITH NORTH CAROLINA MUNICIPAL POWER AGENCY NUMBER 1" (the "Ordinance"), approving the terms and provisions of the Member Agreements and authorizing the execution and delivery thereof, and the proceedings of the **TOWN COUNCIL OF THE TOWN OF PINEVILLE** had and taken upon such adoption, (iv) such contracts, instruments and documents to which the Municipality is a party and which might affect the validity of the operation of the Member Agreements, and (v) such other instruments and documentation as I have deemed necessary in order to render the opinions set forth herein.

It is my opinion that:

- (a) The Municipality is a municipal corporation duly created and validity existing under and pursuant to the Constitution and laws of the State of North Carolina;
- (b) The Municipality has power and is authorized to enter into, execute and deliver the Member Agreements and carry out and perform the obligations of the Municipality thereunder;
- (c) The Ordinance has been duly adopted by the governing body of the Municipality, has not been amended, rescinded or repealed and is in full force and effect. The meeting at which the Ordinance was adopted was duly called, duly held, and all applicable laws respecting notice of such meeting were complied with fully;
- (d) The Member Agreements have been duly authorized, executed and delivered by the Municipality and constitute valid and binding agreements of the Municipality, enforceable in accordance with their terms;

- (e) The authorization, execution and delivery by the Municipality of the Member Agreements and compliance with all terms and provisions thereof to be carried out and performed by the Municipality thereunder do not conflict with and are not in violation of any law of the State of North Carolina, including any of the provisions, terms and conditions of any ordinance, resolution, rule, by-law or motion of the Municipality;
- (f) The authorization execution and delivery by the Municipality of the Member Agreements and compliance with all terms and provision thereof to be carried out and performed by the Municipality thereunder will not be a breach of, or constitute a default under, the terms and conditions of any indenture, loan agreement, mortgage, resolution, ordinance, contract, or other instrument, agreement or document to which the Municipality is a party or may be bound; and
- (g) To my knowledge, information and belief there are no burdensome restrictions or conditions of any unusual character in any indenture, loan agreement, mortgage, resolution, ordinance or contract or other instrument, agreement of document to which the Municipality is a party or may be bound which impairs its ability to discharge its obligations under and carry out the terms of the Member Agreements.

In addition, to my knowledge, information and belief, there is not litigation pending or threatened against the Municipality which, if decided unfavorably to the interests of the Municipality, would materially adversely affect the validity of the Member Agreements or the financial affairs or the Municipality's electric system.

The opinion expressed in paragraph (d) above is subject to applicable bankruptcy, insolvency, reorganization, moratorium, and other laws heretofore or hereafter affecting creditors' rights and is subject to the principles of equity relating to or affecting the enforcement of obligations, whether such enforceability is considered in equity or aw law.

Very truly yours,

M. Janelle Lyons  
Town of Pineville Attorney

MJL/dk





## ORDINANCE NO. 2023-02

**AN ORDINANCE OF THE TOWN COUNCIL OF THE TOWN OF PINEVILLE, NC, DETERMINING THAT IT IS IN THE BEST INTERESTS OF THE TOWN OF PINEVILLE TO APPROVE THE POWER PURCHASE AGREEMENT BY AND BETWEEN NORTH CAROLINA MUNICIPAL POWER AGENCY NUMBER 1 AND CENTRAL ELECTRIC POWER COOPERATIVE, INC. TO CONSENT TO THE TRANSACTIONS CONTEMPLATED THEREBY, AND TO APPROVE AND AUTHORIZE THE EXECUTION AND DELIVERY OF, AMONG OTHER DOCUMENTS, AN AMENDMENT TO THE PROJECT POWER SALES AGREEMENT WITH NORTH CAROLINA MUNICIPAL POWER AGENCY NUMBER 1**

**WHEREAS**, the Town of Pineville (the “Municipality”) and North Carolina Municipal Power Agency Number 1 (“Power Agency”) entered into a Project Power Sales Agreement, Catawba Nuclear Project (the “Power Sales Agreement”), dated as of the first day of May 1978, pursuant to which Power Agency provides, or causes to be provided, the Municipality with power and energy from the Catawba Project; and

**WHEREAS**, the Board of Directors of Power Agency, on May 25, 2023, adopted (i) Resolution BDR-4-23 (the “Resolution”), which, among other things, approves and authorizes the execution and delivery of a Power Purchase Agreement (the “PPA”) between the Power Agency and Central Electric Power Cooperative, Inc. (“Central”) pursuant to which Power Agency will sell and Central will purchase nuclear capacity and energy associated with a portion of Power Agency’s ownership and contractual interest in the Catawba Project, (ii) Resolution BDR-5-23 authorizing Power Agency to execute and deliver to each Participant an amendment to the Power Sales Agreement to give effect to the transactions contemplated by the PPA (“Amendment Agreement No. 3”), and, on July 28, 2023, adopted (iii) Resolution BDR-9-23, authorizing Power Agency to execute and deliver to each Participant the Agreement Regarding the Purchase and Sale of Excess Participant’s Share of Project Output (“Excess Participant’s Share Agreement”) and a Letter of Intent Regarding the Sizing of Participant’s Shares of Catawba (Post 2023) (the Letter of Intent”) and to take such actions as are necessary, advisable or convenient to obtain the consent of each Participant to, and the approval of each Participant of, the consummation of the transactions contemplated by the PPA, and Amendment Agreement No. 3; and

**WHEREAS**, Power Agency has caused GDS Associates, Inc., Power Agency’s Consulting Engineer, to prepare an economic analysis of the projected impact of the transactions contemplated by the PPA on Power Agency’s wholesale power costs and proposed full

requirements wholesale rates (the “Economic Analysis”); and

**WHEREAS**, Power Agency has caused to be furnished to the Municipality each of the following: (i) the PPA, (ii) Resolution BDR-4-23, (iii) Resolution BDR-5-23, (iv) Resolution BDR-9-23, (v) an executed Amendment Agreement No. 3, dated as of July 28, 2023, (vi) an executed Excess Participant’s Share Agreement, dated as of July 28, 2023, (vii) a copy of the Letter of Intent, and (viii) the Economic Analysis, and

**WHEREAS**, the Town Council of the Municipality (the “Governing Body”) has taken into consideration the benefits which might be achieved by (i) approving the transactions contemplated by the PPA, and (ii) approving, executing, and delivering Amendment Agreement No. 3 and the Excess Participant’s Share Agreement.

**NOW, THEREFORE, BE IT HEREBY ORDAINED BY THE TOWN OF PINEVILLE:**

1. After due consideration to the contents of each of the preambles set forth above and to each of the documents referred to in such preambles, the Governing Body hereby finds and determines that it is in the best interests of the Municipality (i) to consent to and approve the consummation of the transactions contemplated by the PPA, and the same is hereby consented to and approved, and (ii) to enter into Amendment Agreement No. 3 and the Excess Participant’s Share Agreement.
2. The Governing Body hereby authorizes and directs that Amendment Agreement No. 3 and the Excess Participant’s Share Agreement be executed for and on behalf of the Municipality by the Mayor and Clerk, sealed with the seal of the Municipality and delivered to the Power Agency in the form and substance of Amendment Agreement No. 3 and the Excess Participant’s Share Agreement presented at this meeting.
3. The Governing Body hereby directs the Clerk to furnish or cause to be furnished to Power Agency a certified copy of this Ordinance together with the executed Amendment Agreement No. 3.
4. The Governing Body hereby directs the Clerk to file with the minutes of this meeting (i) the PPA, (ii) Resolution BDR-4-23, (iii) Resolution BDR-5-23, (iv) Resolution BDR-9-23, (v) the proposed Amendment Agreement No. 3, (vi) the proposed Excess Participant’s Share Agreement, (vii) the copy of the Letter of Intent, and (viii) the Economic Analysis as presented and available at this meeting.
5. This Ordinance shall become effective upon its adoption.

ADOPTED this 28<sup>th</sup> day of August 2023.

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Jack Edwards, Mayor

ATTEST:

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Lisa Snyder, Town Clerk

(SEAL)